

Approved For Release 2000/09/14 : CIA-RDP86-01019R000200050003-6
McLean Field Office

SECTION I - ORDERING AGENCY REQUEST

2. NAME OF AGENCY / BUREAU

CENTRAL INTELLIGENCE AGENCY

3. SEND BILL TO:

CENTRAL INTELLIGENCE AGENCY
OFFICE OF FINANCE
Washington, D.C. 20505

4a. NAME, ADDRESS, AND ROOM NO. OF AGENCY CONTACT (INCLUDE ZIP CODE)

STATINTL.

1
2 1J45, Headquarters
3 McLean, Virginia
4

4b. AGENCY CONTACT TELEPHONE NO.

x5245

5. APPROPRIATION NO.

7240-1130

INSTRUCTIONS:

- ITEM 4a - TYPE WITHIN THE LIMITS OF THE TWO PRINTED DOTS, STARTING ON LINE 1 AND ENDING ON LINE 4 (IF REQUIRED).
- MAILING - FOLD FORM ON FOLD MARKS TO ENSURE THAT ITEM 4a WILL SHOW COMPLETELY IN WINDOW. RECOMMEND USING WINDOW ENVELOPE SIZE 8 7/8" x 3 7/8".

6. DESCRIPTION OF WORK

Northside Computer Center TRANSFER \$50,000.00
Provide Architect-Engineer design services for the Northside Computer Center renovations and supporting utilities at CIA Headquarters Building. Included are: Renovations of 20,000 sq. ft. of environmentally-controlled computer space and service areas, construction of 1500-2000 kVA electrical distribution system, separate 60 and 415 Hz UPS site preparations totaling 3,000 sq. ft., extension of house chilled-water piping system, and expansion of house low voltage electrical distribution riser system. It should be noted that construction of the first increment of 10,000 sq. ft. is required by 1 July 1978. Henry R. Schneider, 351-7443, is contact for this project.

7. RECURRING SERVICE DATES

A. START

B. CANCEL

8. NONRECURRING SERVICE DATES

A. DESIRED STARTING

B. DESIRED COMPLETION

9. OPEN END AMOUNT

\$

1 January 1977

10. PLANS ATTACHED

☐ YES ☒ NO

11. PRIOR WORK AUTHORIZATION NO.

12. BUILDING NAME AND ROOM NUMBER (S)

Headquarters Building

OFFICIAL

13b. TITLE

C/REC/DI

13c. DATE

22 Dec 75

SECTION II - GSA - PBS QUOTATION

14a. FIXED PRICE AMOUNT

\$ 108,200

14b. INCREASE/DECREASE

\$

14c. TOTAL FIXED AMOUNT

\$108,200.00

15. BUILDING NO.

VA0087BF

16. PBS AUTHORIZATION NO.

A1464331

17. PBS AUTHORIZING OFFICIAL

18. PBS CONCURRING OFFICIAL

17a. SIGNATURE OF AUTHORIZING OFFICIAL

OFFICIAL

STATINTL

SECTION III - ORDERING AGENCY CERTIFICATION

I CERTIFY THAT THIS CONSTITUTES A VALID OBLIGATION AND AN ORDER FOR GSA, PBS TO PERFORM THE WORK DESCRIBED ABOVE.

19b. TITLE

C/SM + FB / LSD / OL

19c. DATE

1/3/77

4 - AGENCY COPY

GSA FORM 2957 (REV. 1 - 75)

7 Aug 78

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TONY:

W/O with signature of
certifying official you requested
on the \$108,200.

Midge

THANKS MIDGE
— Tony 8/7

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TRANSMITTAL SLIP		DATE 8-4-78
TO: <i>midge</i>		
ROOM NO. 2E19 A	BUILD [REDACTED]	
REMARKS: COPY you requested is ATTACHED.		
FROM: <i>Shelley</i>		EXTENSION 1545

STATINTL

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Northside Utilities

FROM

DC/New Building Project Office, OL
3E40 Hqs

EXTENSION

4246

NO.

OL 2099-84

DATE

23 AUG 1984

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1.

C/RECD/OL

8/31

8/31

KATZ

2.

C/FEB

9/4

9/4

E.L.E.

3.

9/4

R

4.

FILE REF.

5.

6.

7.

8.

9.

10.

11.

12.

13.

14.


15.

04 September

28 August 1984

NOTE FOR: Associate Deputy Director for Administration

STATINTL
FROM:

 Deputy Chief, New Building Project Office, OL 1

SUBJECT: Northside Utilities

AUG 1984

1. On 21 August, the General Services Administration received and accepted a plan from E. J. Murray Company to correct leaks in the new northside chilled water lines. A synopsis of the plan is as follows:

- a. The contractor will work on site 10 hours a day, 7 days a week.
- b. All joints in the chilled water line will be uncovered, checked for leaks, and repaired as necessary.
- c. All work will be complete by 4 September.

2. The contractor started his repair work on 23 August and worked both Saturday and Sunday of the past weekend.

3. Attached is correspondence from the contractor's attorney concerning the referenced subject.

 STATINTL

Attachments:

- A. CAPCO Pipe Co. Ltr,
dtd 10 Aug 84
- B. Attorney Sadur Ltr,
dtd 20 Aug 84

OL 2099-84 *Logged*

SUBJECT: Northside Utilities

STATINTL OL/NBPO [REDACTED] il/ext 4246 (28 Aug 84)

Distribution:

Orig - ADDA (w/atts)
1 - OL/NBPO (w/atts)
1 - D/OL (w/atts)
~~1~~ - C/RECD/OL (w/atts)
1 - C/HOME/OL (w/atts)



CAPCO PIPE COMPANY, INC.—A Subsidiary of ASARCO Incorporated

1400 Twentieth Street, South • P. O. Box 3435 / Birmingham, Alabama 35255 • Phone 205 • 933-7281

UPS NEXT DAY AIR

S. G. LEYSHOCK
Vice President—Operations

RECEIVED AUG 10 1984

August 9, 1984

Marvin P. Sadur, Esquire
Sadur & Pelland
Attorneys at Law
2000 L Street, N. W.
Suite 612
Washington, D. C. 20036-4993

Subject: Contract GS-03B-88138, Chilled Water Line, Steam Lines
and Duct Bank, CIA Headquarters Building, McLean, VA
Pipe Gasket Discrepancies
(E. J. Murray Letter of July 23, 1984)

Dear Mr. Sadur:

It is difficult to answer the eight questions asked in the July 23rd letter from the G.S.A. because I do not fully understand the reference to a small gasket measuring 9/16" and a larger gasket measuring 11/16". Both gasket samples that you have submitted measure 11/16" and are the gaskets in use at the present time by CAPCO for both our distribution and T-pipes in sizes 14" through 24". Both of the gaskets are of CAPCO design and have been used interchangeably by CAPCO for several years. With this stated, I will attempt to answer the questions.

1. What are the dimensions and material specifications for the smaller gasket used in our pipes (What is it made of)?

ANSWER The heights and widths of both gasket samples submitted are the same, i.e., height .66" \pm .010, width .830" \pm .015". With respect to the material specifications, all CAPCO gaskets are manufactured and marked in accordance with ASTM Specification D-1869. Both are made of the same material, styrene butadiene rubber - SBR.

Quality Piping Materials

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2. Why does this gasket not have any stamps or ratings on it?

ANSWER All CAPCO gaskets are marked with the name of the gasket manufacturer, CAPCO's name, the year and month of manufacture, as well as the pressure rating and size. The markings are made with paint and it is possible that a portion of the paint can be rubbed off with use.

3. What pressure range is this gasket use for on 24 inch pipe?

ANSWER Both gasket samples received are used for pressure up to and including 200 PSI.

4. What is the name and address and telephone number of the manufacturer of the gaskets and how would he identify the 9/16 inch gasket? The 11/16 inch gasket?

ANSWER Both gasket samples are manufactured by Polymer/Raymond Industries, Inc., 15730 S. Madison Road, Middlefield, Ohio 44062, 216/632-1691.

5. What is the dimension and material specifications for the 11/16 inch gasket (What is it made of)?

ANSWER Please see #1 above.

6. What does the 150 stamp mean on this pipe? What pressure range is this gasket used for on 24 inch pipe?

ANSWER The 150 stamp on our gasket means that the gasket is for use with Class 150 pipe. This gasket is used for pressure up to 150 PSI.

7. What is the maximum deflection at a joint that can be put in a 24 inch pipe when using the 9/16 inch gasket?

ANSWER The maximum deflection for both samples recommended by CAPCO is 3- $\frac{1}{2}$ ".

8. Name two projects where the 9/16 inch gasket was used on 24 inch (same type pipe).

August 9, 1984

Par 3

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ANSWER Both gaskets as represented by the samples are interchangeable. There is no way to determine which projects have either or both gaskets.

Very truly yours,

CAPCO PIPE COMPANY, INC.

A handwritten signature in cursive script, reading "S. G. Leyshock". The signature is written in dark ink and is positioned above the printed name and title.

S. G. Leyshock
Vice President - Operations

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SADUR AND PELLAND

CHARTERED

MARVIN P. SADUR*
FRANCIS J. PELLAND*
JOEL S. RUBINSTEIN*
KERRY A. GREENWALD*
GAIL A. NETTLETON*
JILL A. KOTVIS*

ATTORNEYS AT LAW
2000 L STREET, N. W., SUITE 612
WASHINGTON, D. C. 20036-4090
(202) 872-8383

109 NORTH ADAMS STREET
ROCKVILLE MARYLAND 20850
(301) 424-0884

* ADMITTED D. C. MD.
* ADMITTED D. C. MD. VA.
* ADMITTED D. C. MD. ILL. N. Y.
* ADMITTED D. C. MD. VA. N. Y.

August 20, 1984

Recd 8/21/84
at 2:20 PM
PS
8/21/84

BY MESSENGER (8/21/84)

Design and Construction Division
General Services Administration
7th and D Streets, S.W.
Washington, D.C. 20407

Attention: Mr. Frank A. Mallalieu
Contracting Officer

Re: Contract GS-03B-82138, Chilled Water Line, Steam
Lines and Duct Bank
CIA Headquarters Building, McLean, Virginia
Show Cause Telegram

Gentlemen:

E. J. Murray Company, Inc. has asked that I respond to your telegram dated August 15, 1984. Before I discuss the procedures being taken to discover and repair whatever leaks may remain in the chilled water supply and return lines and the time that it will take to complete, I think it important to clarify some of the record that seems to have been overlooked in your statement of the history of this project which leads to the threat of termination.

Between the notice to proceed on October 19, 1982, and Change Order No. 2 on October 6, 1983, work had progressed satisfactorily until March 16, 1983 when E. J. Murray Company, Inc. received a stop order on any of the outside installation. That stop order, however, was preceded by an unsatisfactory payment practice on the part of GSA which was the subject of a complaint to your office just prior to your revealing information that there was an intent to redesign the line. A meeting was held with Mr. Walter Huber and others at which time E. J. Murray Company was advised that GSA intended to make a substantial change in the steam distribution system and that the change would be added to this contract in consideration of Murray's waiving any claims for delay that may occur as a result of the time taken to effect the change. Murray agreed, and on March 16, 1983 and April 4, 1983, two stop orders were issued, one for the outside work and the second for the power plant which effectively stopped all work on the job, and the job laid dormant until Change Order No. 2 was issued on October 6, 1983. The supply and return lines under the new design were put in in probably the worst season of weather that this area has experienced in many a year. Notwithstanding the adverse conditions, the lines were substantially installed, ready for testing on or about the first week in May of 1984. Both the chilled and return lines apparently could not hold the test pressure, and leaks were discovered in several locations. Most of the leaks have been located and repaired as expeditiously as possible. The cause of all of

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the leaks has yet to be determined. However, in previous correspondence I've shared with GSA some of the considerations which may have impacted upon the installation of the pipe and may have been a basis for cause of the leaks. Among those causes are the following:

1. In the area of the power plant, an underground stream was discovered. The action of that stream on the opened excavation for the installation of the pipe in the decomposed chert on a sand bed created a condition which contributed to opening the joints adjacent to that area.

2. After the pipes were installed in the ground, backfilled and covered, another contractor passed heavy earth-moving equipment over the line which had the effect of creating a pumping action and which created an opening of several joints.

3. A substantial portion of the pipe where the majority of the leaks has been discovered is in a fill area which apparently was nothing more than a dump fill rather than a structural fill. During the course of excavation, many tree trunks were discovered and removed under a change order. The existence of that type of debris in the soil clearly would prevent compaction, and it is very possible that the pipe has moved under the weight of the backfilled pipe and traffic above.

In previous correspondence, GSA of course has denied any responsibility for these causes of leaks that were discovered. The question of responsibility is one that has not yet been determined and may be the subject of separate resolution between the parties. Notwithstanding previous complaint from GSA, E. J. Murray Company has been working diligently to discover and repair the leaks. The demands previously made by GSA to increase the work force did not provide any assistance to the contractor in accelerating the discovery and repair of the leaks, but merely represent the typical demand for a solution to an unknown condition regardless of whether utilization of manpower is effective. The fact that personnel can only be used after leaks are discovered is ignored. The suggestion that a company work in shifts is not always the panacea. The record will show that sufficient people have always been on the site necessary to repair leaks as rapidly as possible and as soon as they are discovered. Standby crews to wait and watch until a leak is discovered serves no purpose but to waste money. It would not create any benefit to GSA or obtain any earlier repair of whatever leaks remain.

GSA also suggested that the lines be reexcavated as a means of accelerating the discovery of leaks. Had that choice of investigation been undertaken and the lines opened, the continued rain that has been experienced from May until August would have compounded the problem both in determining leaks and reinstalling the lines and backfilling, for as soon as a trench would have been opened, all compaction would have been lost and the entire installation would have had to have been recreated including providing a new bed, relaying the pipe and backfilling, nor could the location of joints be left open until testing was accomplished. The joints are too close together, and the 200-lb. pressure applied to the pipe would blow it out of the ground. Because of the wet conditions, it may have been difficult to obtain sufficiently dry material to gain compaction. That course of action would have been

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expensive, unreasonable and time-consuming. The contractor has undertaken what should be considered to be a bona fide reasonable effort to locate and repair leaks as soon as possible, and the majority of the leaks has been so repaired as of this date notwithstanding the adverse conditions. The contractor has spared no expense in its good faith effort to make the repairs as soon as possible and regardless of the cause thereof.

Notwithstanding that good faith effort and the fact that the majority of the leaks apparently has been repaired, you have placed the contractor under an obligation to complete within 20 days after August 15, 1984, which time expires on September 4, 1984. The time limit apparently is under penalty of default. You asked that a response include a written explanation of the reason for the lack of progress and a detailed plan for correcting the leaks together with a schedule of work that will demonstrate the ability to complete the construction as required by the contract.

E. J. Murray Company, Inc. does not admit that it has failed to progress satisfactorily in connection with this problem or that the cause of the problem is solely its responsibility. Design characteristics, differing site conditions and improper traffic allowed over the course of the lines have all contributed to these unfortunate circumstances.

The reasons for lack of progress stem solely from the conditions that have impacted upon a reasonable ability to discover and repair the leaks. Over the past eight to ten weeks it has rained practically every day, generally in the form of a deluge in the afternoon or evening. The continued rainfall has increased the moisture content of the soil which has remained constant because of the high degree of humidity as well as temperature. All of this has interfered with the ability to locate leaks which are generally discovered by water surfacing during pressure tests. The continued wet condition and saturation of the subsurface has made location of leaks more difficult and has prevented the use of electronic sonar devices as a means of locating the leaks.

Notwithstanding all of the adversity experienced, it would appear that the leaks in the supply and return lines have been corrected to the point where there are approximately 60 gallons and 80 gallons, respectively, of water per hour lost under the 200-lb. test.

During the week of August 13 for the first time we had several days without rain and the forecast indicates an improvement of the weather conditions for the reasonable foreseeable future. However, it rained again on Saturday and Sunday (August 18 and 19, respectively) and left the test holes full of water. Anticipating the better weather, E. J. Murray Company engaged the services of Water Loss Systems, a company which is used by the Washington Suburban Sanitary Commission for the purpose of locating leaks. Mr. Richard Apellolenis of the Water Loss Systems Company visited the site on August 16 to determine whether the conditions onsite were satisfactory for the use of his equipment to discover leaks. Mr. Apellolenis commenced the investigation Friday, August 17, at 4:00 p.m. and continued through

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Saturday, August 18. However, the tests proved unsuccessful for the reason that operation of equipment in the surrounding area (power plant, photo lab and loading dock area) provided too much static interference with his computer, and he was unable to accurately locate any leaks. Since the circumstances prevented use of electronic equipment to reveal leaks, the contractor has resorted to an organized attempt to locate the remaining leaks as follows:

On this date the contractor commenced backfilling open test holes where previous repairs have been made. Starting tomorrow, August 21, E. J. Murray Company intends to excavate along the concrete encasement to determine whether any leaks appear in that area. Concurrently, backfilling of previously opened test holes where leaks have been repaired will continue. Starting on Wednesday, August 22, a plan of leap-frogging along the line will be started by excavating the location of every fourth joint, adjusting for where previous repairs have been made. As each hole is opened it will be checked for leaks. If any appear, they will be repaired. After checking both lines in each hole and repairing whatever leaks may be discovered, each line separate and apart will be placed under a 200-lb. test to determine whether any leaks occur in those four joints, after which the test will be taken off one line and put on the other for the same determination. That procedure will continue over the run of the pipe until such time as all leaks are discovered and repaired. In order to gain access to as many joints as possible within the time left until September 4, E. J. Murray Company will undertake a 10-hour day, 7 days a week commencing the operation with two rigs which will be delivered on Wednesday, August 22, with both rigs digging. After at least 4 holes have been opened and tested, an additional rig will be brought to the site to commence backfilling. Necessary manpower including operators, mechanics and laborers will be brought to the site as necessary to man each crew. The period of time they will operate will depend upon the discovery of whatever leaks remain. The entire operation will be supervised by experienced supervisors, and it is reasonably anticipated that whatever leaks remain will be discovered and repaired sufficient to gain passage of the 200-lb. pressure test on each line on or before September 4, 1984. Concurrently with this operation, subcontractors will complete their portions of the remaining punch list, and E. J. Murray Company personnel will also fulfill the mechanical requirements of the punch list, all of which will be completed concurrent with the leak repair operation and before September 4, 1984.

I respectfully submit that the contractor's good faith effort under the existing weather conditions represents a conscientious fulfillment of its contractual obligations and that such conduct does not justify a termination for default, nor is any termination for default in the best interest of the government in light of the alleged need for expediency. The need apparently is not because of a requirement for the use of the system but rather to facilitate the construction effort of another contractor. Whether or not that is a valid need is immaterial. E. J. Murray Company, Inc. intends and expects to reasonably complete its work as soon as possible utilizing sufficient manpower, rigs and time. Barring unforeseen circumstances or adverse weather, E. J. Murray Company reasonably expects to complete the work within the 20 calendar days allowed by your show-cause demand and regardless of who is responsible for the cause of the leaks. The accelerated effort will be performed

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under protest, and E. J. Murray Company, Inc. reserves all its rights in connection with the cause, effect and cost to overcome the problem.

Let me discuss some other points. Your request for a report from the manufacturer of the pipe, which was received by the contractor on July 26, 1984 was immediately discussed with Capco Pipe Company, Inc. over the telephone and a copy of your letter transmitted to Capco on July 30. You asked for a report by August 8. On August 2 Capco requested that it be furnished samples of the gaskets. Samples were sent to Capco on August 3, and on August 10 we received Capco's response to your letter. Upon receipt I called Capco's representatives for a more precise answer to your question No. 8 and was advised that both gaskets have been utilized for several projects and that Capco had no way of distinguishing which had been used where without extensive research. I also asked Capco to examine the physical properties of the gaskets to see whether the one which GSA calls the smaller gasket has the same capability of sealing a pipe joint as the other gasket. Capco indicated it would send an expert to the field to examine the condition. That expert appeared during this last week, and I have been waiting for any further information from Capco which it may have gained by reason of that visit. That is the reason we have held up a response. However, since you have criticized the fact that no response has been received by GSA, I must assume the personal responsibility for that delinquency and excuse it only by my personal attempt to help resolve this problem. Since there seems to be an immediate desire for that information, a copy of Capco's letter of August 9, 1984 is enclosed.

Notwithstanding the agony over the problems of leaking, the contractor equally suffers for reasons over which GSA has control. This Change Order No. 2 involves approximately \$1 million of additional work. The contractor has only been paid approximately \$70,000 to date, the reason being that there is a total distortion between the government's estimate of what work is involved and the actual cost involved. I know that there has been a desire to resolve the Change Order and that there has been an expeditious audit made. That audit, however, apparently ignored actual invoices and proof of expenses which were incurred, particularly in connection with the amount of excavation, the equipment rental and some direct items of cost for material. Despite the agreement of cooperation that was established in the meeting between the parties attended by myself and Mr. Huber, there seems to be a less than candid approach to reaching a settlement on GSA's part. An undisclosed technical report apparently has been the basis for the audit determination, and by the nature of the audit findings, it would appear that that technical report fails to realistically include all elements of the work. It is inequitable on the part of GSA to audit based upon a GSA technical report of the Change rather than to determine the actual cost of the change and leave the determination of whether those costs are allowable to the Contracting Officer. The expense and cost incurred by this contractor in completing the work separate and apart from the unfortunate circumstances of the leaks require an equitable adjustment as soon as possible, and we would expect that the negotiation for settlement of this contract will be undertaken in the immediate future with a view to resolving and issuing the

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proper change order for this work. In that connection, the contractor is reviewing and assembling all its cost documentation so that its cost which it is claiming can be promptly demonstrated and verified. We would hope that starting with the next negotiation meeting, GSA will make an objective review of the actual work performed in order to reach an equitable adjustment. Quid deserves quo, and the Contracting Officer's direct involvement in the effort to resolve this Change Order is justified and required.

Sincerely yours,

Marvin P. Sadur

MPS:nr

Enclosure

cc: Mr. Walter Huber ✓
Mr. Bob Shreeve
Mr. Garner W. Duvall, Jr.
The Travelers Indemnity Company
E. J. Murray Company, Inc.